

EY Restructuring Pulse Survey

European Results

May 2026



The better the question. The better the answer. The better the world works.

Key survey takeaways...

- 1 Restructuring activity expected to increase in the current 1H-26E with peak happening in 2H-26E
- 2 Increasing cost of energy and raw materials as the main pressure, followed by slower economic growth and declining sales
- 3 Automotive and manufacturing expected to face the highest restructuring activity, followed by agriculture
- 4 Debt amend & extend implemented out of court remains the main financial restructuring solution
- 5 New money into restructuring situations remains most frequently provided by existing lenders, followed by existing and new shareholders
- 6 Existing shareholder support and a credible business plan remain the most important criteria for Lenders to provide support in restructuring situations

Agenda

01

- Introduction

02

- Restructuring activity

03

- Restructuring solutions

Chapter 01

Introduction

The Restructuring Pulse Survey collects insights into the restructuring market from workout banking professionals across Europe

- A regular survey which collects the views of European workout banking professionals from the most prominent banks on restructuring trends, solutions implemented and future expectations
- The current edition of the survey gathered most responses in March 2026⁽¹⁾ and is the 3rd pan-European edition and the 8th edition for CEE and Austria
- It summarizes insights from the workout bankers on their experience in the past 2H-25A period and expectations from the current 1H-26E period and beyond
- Please note the survey is based on responses from a diverse group of lenders within the equally diverse continent. Consequently, the results should be interpreted bearing this in mind
- On the following slides we set out further information on the range of respondents and selected survey results



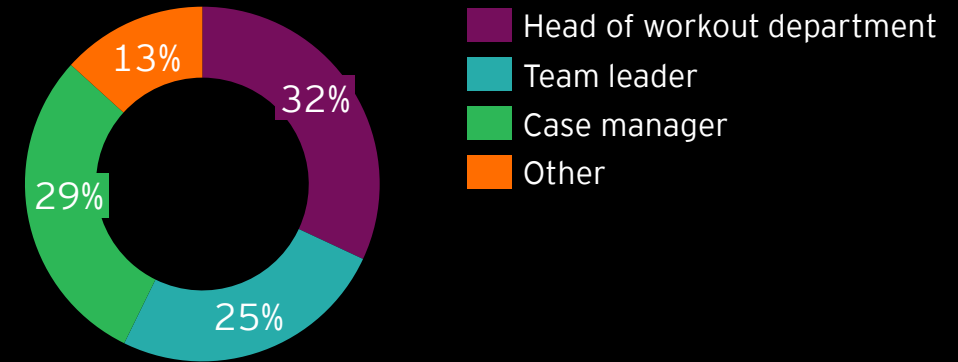
(1) Response period from 1 Mar 2026 to 10 Apr 2026

8th edition of the restructuring survey collected feedback from a diverse group of respondents across Europe

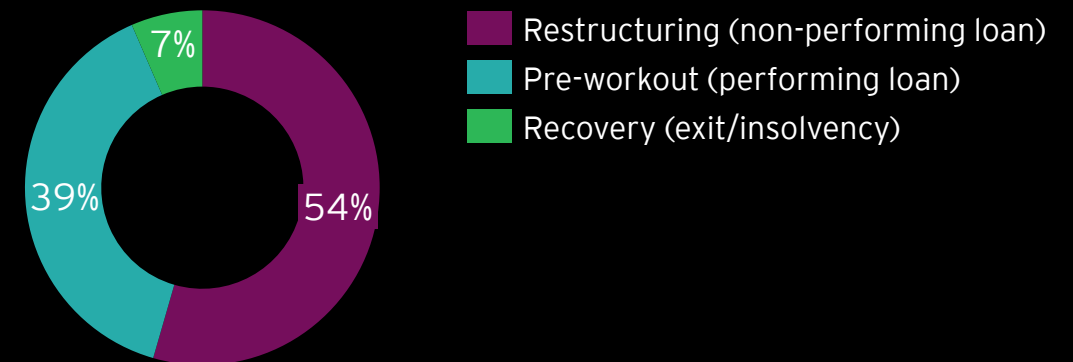
Countries covered⁽¹⁾



Role of respondent^(2, 3)



Stage in workout process^(2, 4)

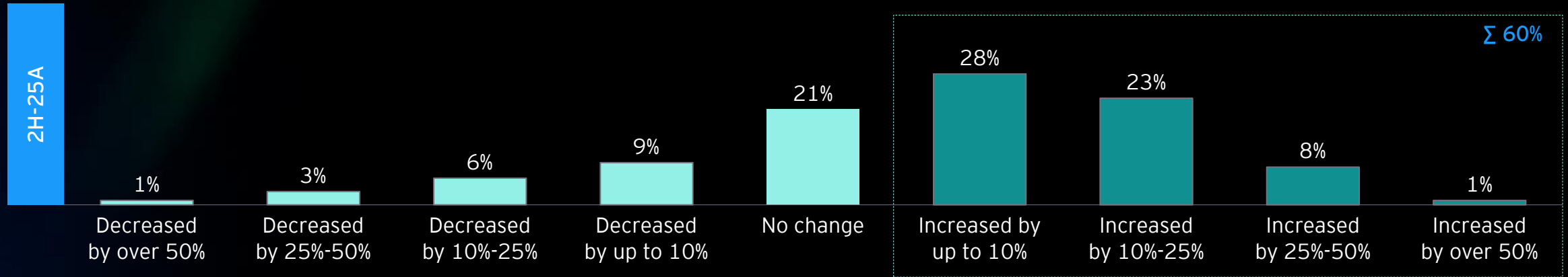


(1) Question: "Which country/countries do you cover?"; (2) Share of total respondents providing selected answer; (3) Question: "What is your role within the workout team"; (4) Question: "At which stage of the workout process do you become involved?"

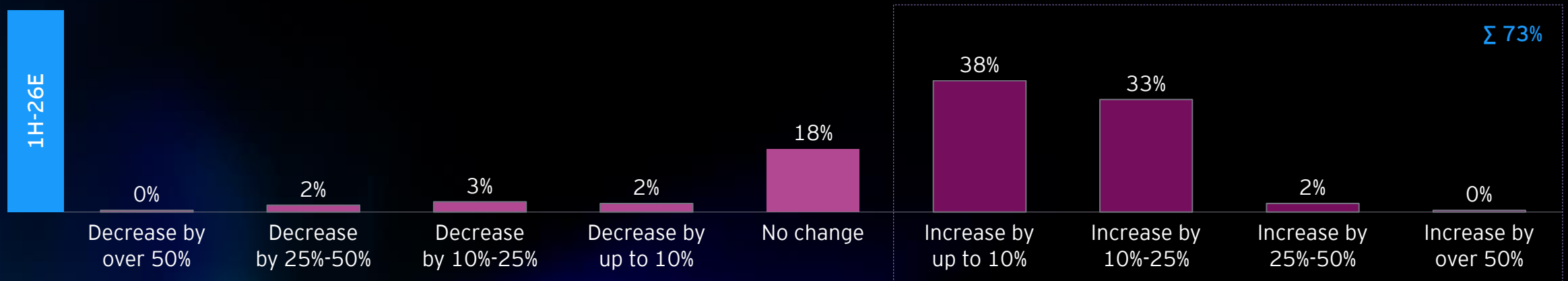
Restructuring activity

Restructuring activity increased across Europe in 2H-25A, with a further rise expected in 1H-26E

Actual restructuring activity in 2H-25A^(1, 2)



Expected restructuring activity in 1H-26E^(1, 3)



Note: A = Actual, E = Expected

(1) Share of total respondents providing selected answer; (2) Question: "How did the number of workout cases in your portfolio change in H2 2025?"; (3) Question: "How do you expect the number of workout cases in your portfolio to change in H1 2026?"

Cost pressures becoming the main pressure for companies in Europe

Key triggers for restructuring in loan portfolios^(1, 2)

	1H-25A	2H-25A	1H-26E	Trend
Increasing cost of energy/raw materials	16% 3	21% 2	25% 1	↗
Slower economic growth	17% 2	14% 3	17% 2	→
Decline in sales	22% 1	24% 1	15% 3	↘
Geopolitical stress	9%	8%	14%	↗
Regulatory changes	4%	1%	5%	↗
Decreasing availability of capital	6%	5%	4%	↘
Labour costs/shortages	6%	6%	2%	↘
Others ⁽³⁾	19%	20%	19%	→
Total	100%	100%	100%	

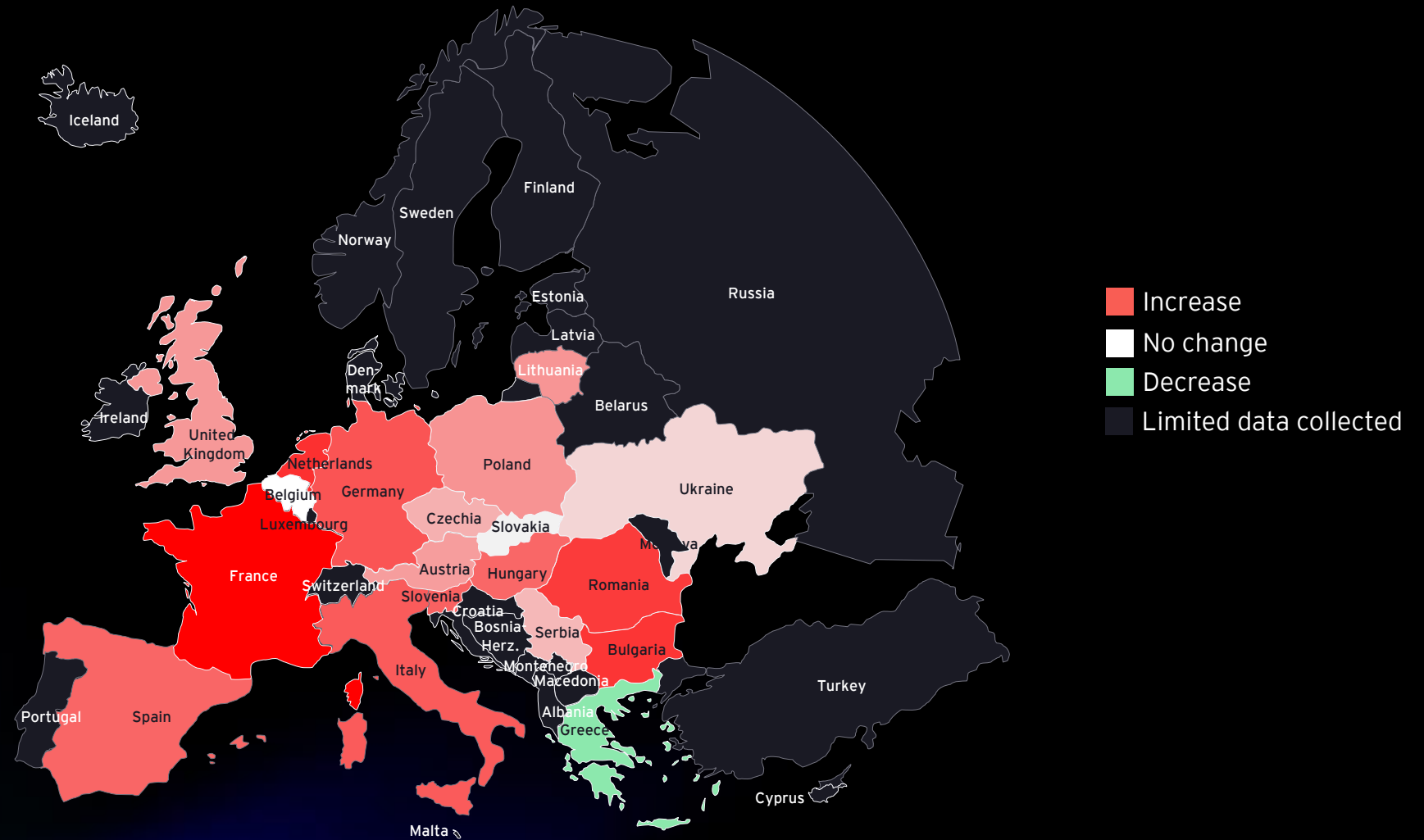
- ↗ Increase of importance
- ↘ Decrease of importance
- Unchanged importance
- x Rank within edition

Note: A = Actual, E = Expected

(1) Share of total respondents providing selected answer; (2) Question "What were the key triggers for restructuring in your loan portfolios in H2 2025?" and "What do you expect to be the key triggers for restructuring activity in your loan portfolios in H1 2026?"; (3) Others include for example contractual disputes, legacy issues, financial distress, poor management, structural change in demand, too much debt

Uneven restructuring outlook across countries in Europe

Expected restructuring activity in 1H-26E across Europe⁽¹⁾



Note: scoring approach based on country-specific respondents' expectation of decrease/no change/increase, each response received a weight from -4 to +4 depending on the quantum of decrease/increase. The sum of these weighted numbers was divided by the total respondents for that country

(1) Question: "How do you expect the number of workout cases in your portfolio to change in H1 2026?"

Automotive and manufacturing remain the sectors with highest restructuring activity

Top 10 Sectors with most actual and expected restructuring activity ^(1, 2)

	1H-25A		2H-25A		1H-26E
Automotive	16%	↘	15%	↘	14%
Manufacturing	10%	↘	10%	↘	11%
Agriculture	8%	↗	11%	↘	9%
Retail	8%	↘	7%	↘	8%
Construction & Building Materials	10%	↘	10%	↘	7%
Transportation	5%	↘	6%	↘	7%
Real Estate	7%	↘	8%	↘	6%
Consumer Products	6%	↘	4%	↘	3%
Power & Utilities	5%	↘	4%	↘	3%
Metal & Mining	3%	↘	3%	↘	3%
Others ⁽³⁾	22%		23%		27%

Automotive

Material pressures ongoing driven by changing technology, intensifying competition and price pressures from China, US tariffs, combined with overcapacity and high fixed costs of European producers requiring fundamental changes in business model and footprint rationalization

Manufacturing

Especially lower value-add, energy-intensive manufacturing sub-sectors under pressure, higher production cost challenges the ability to compete with lower-cost producers outside Europe, US tariffs and increasing role of China together with AI-driven transformation add to the sector pressures

Agriculture

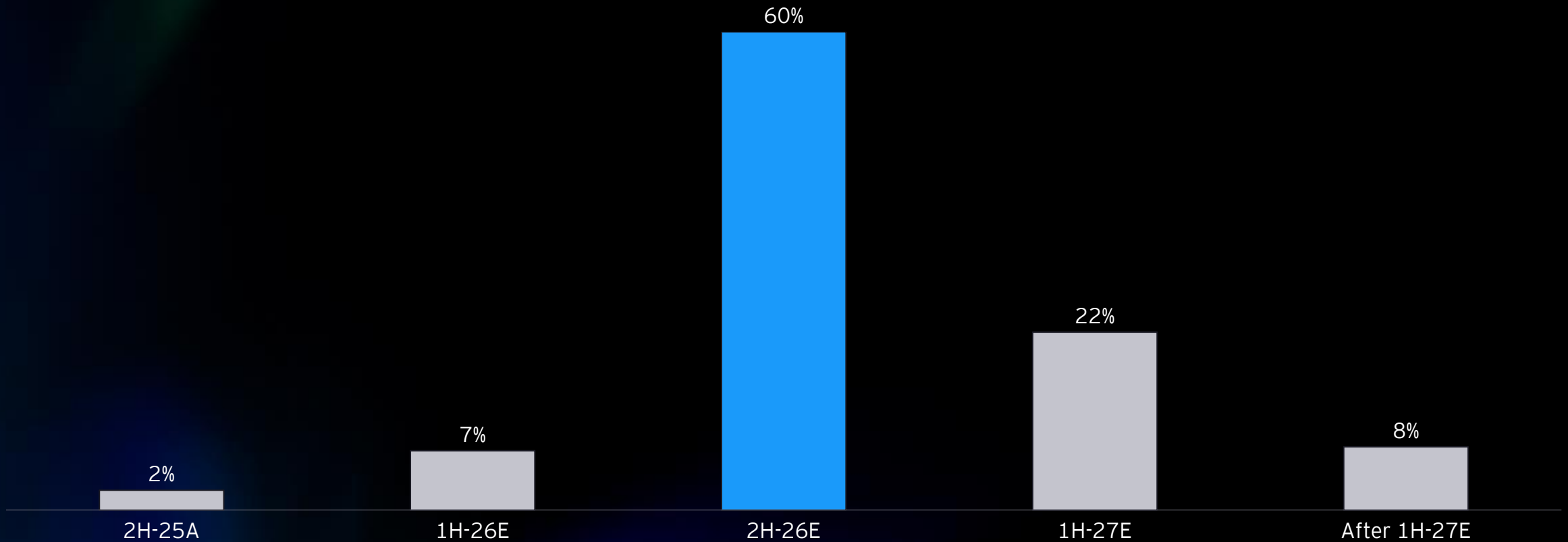
Higher logistics cost post the war in Ukraine increasing further due to the Middle East escalation and increasing production costs (fertilizers) creates material cost-side pressures. This together with lower prices of agriculture products driven by the last good harvest year create squeeze on profitability, cash flow generation and liquidity

Note: A = Actual, E = Expected

(1) Share of total respondents providing selected answer; (2) Question: "Which sectors experienced the highest levels of restructuring/distressed activity in your loan portfolio in H2 2025?" and "Which sectors do you think will experience the highest levels of restructuring/distressed activity in your loan portfolio in H1 2026?" (3) Others include Hospitality & Leisure, Chemicals, Logistics, Food & Drink, Business Services, Travel & Tourism, Healthcare, Technology, Oil & Gas, Financial Services and Aerospace

Restructuring activity is expected to peak in 2H-26E

Period with the largest number of restructuring cases^(1, 2)

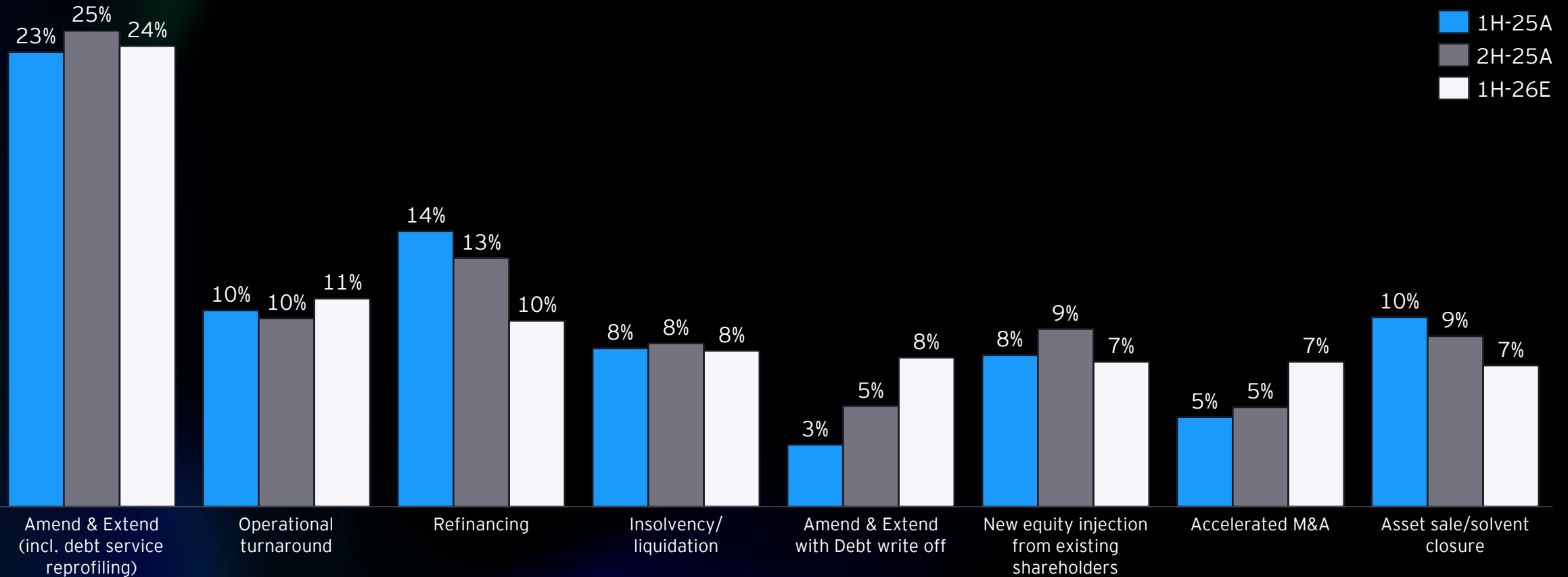


(1) Share of total respondents providing selected answer; (2) Question: "When do you think we'll see the largest number of restructuring cases in this cycle?"

Restructuring solutions

Restructuring activity shifted away from refinancing and asset sales toward A&E write-offs and accelerated M&A

Restructuring solutions (1, 2)

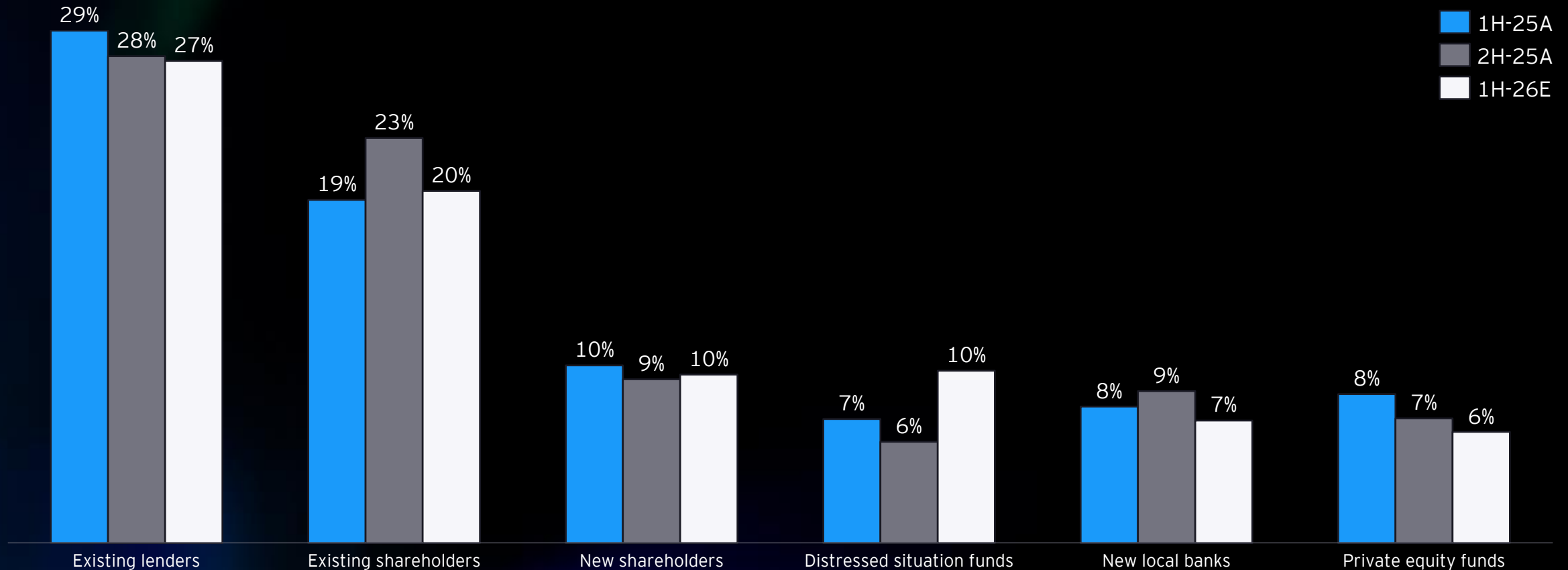


Note: Chart shows only top 8 categories which were mentioned by respondents; other categories sums to 18% (1H-25A), 21% (2H-25A) and 18% (1H-26E)

(1) Share of total respondents providing selected answer; (2) Question: "What was the most common restructuring solution in H2 2025?" and "What do you expect to be the most common restructuring solution in H1 2026?"

New money into restructuring situations is most frequently provided by existing lenders, followed by the existing and new shareholders, increasing role of distressed situation funds

Sources of new funding ^(1, 2)



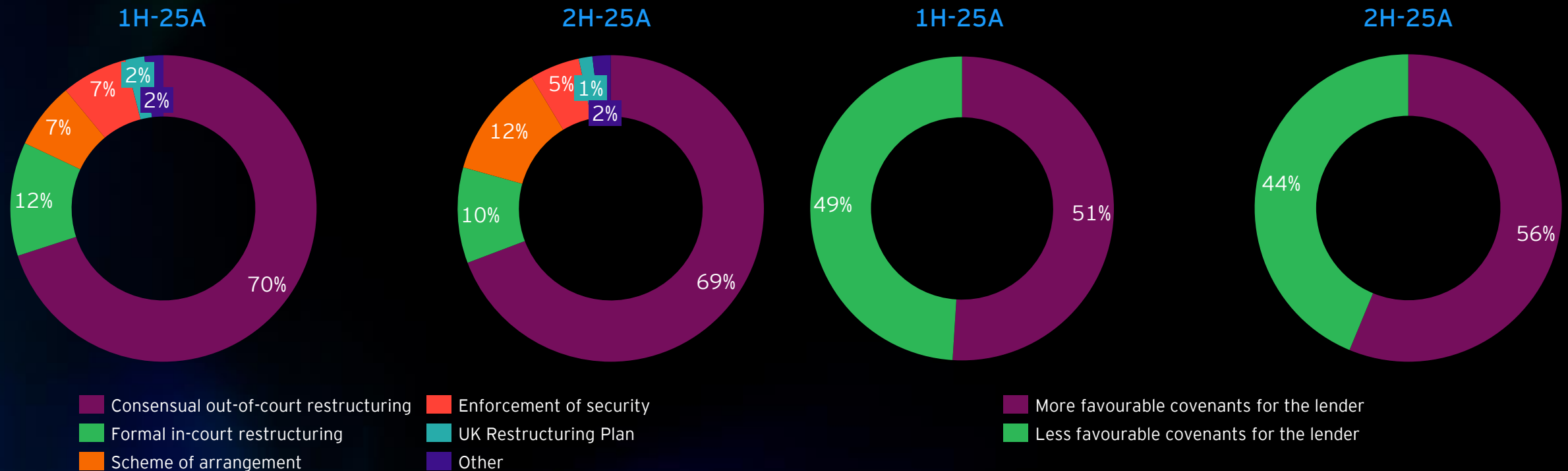
Note: Chart shows only top 6 categories which were mentioned by respondents; other categories sums to 18% (1H-25A), 18% (2H-25A) and 19% (1H-26E)

(1) Share of total respondents providing selected answer; (2) Question: "What was the most frequent source of new funding for distressed situations in your portfolio in H2 2025?" and "What do you expect to be the most frequent source of new funding for distressed situations in your portfolio in H1 2026?"

Consensual out-of-court restructuring remains most common implementation route. Minor trend towards more lender-friendly financial covenants

Primary implementation route
1H-25A vs. 2H-25A (1, 2)

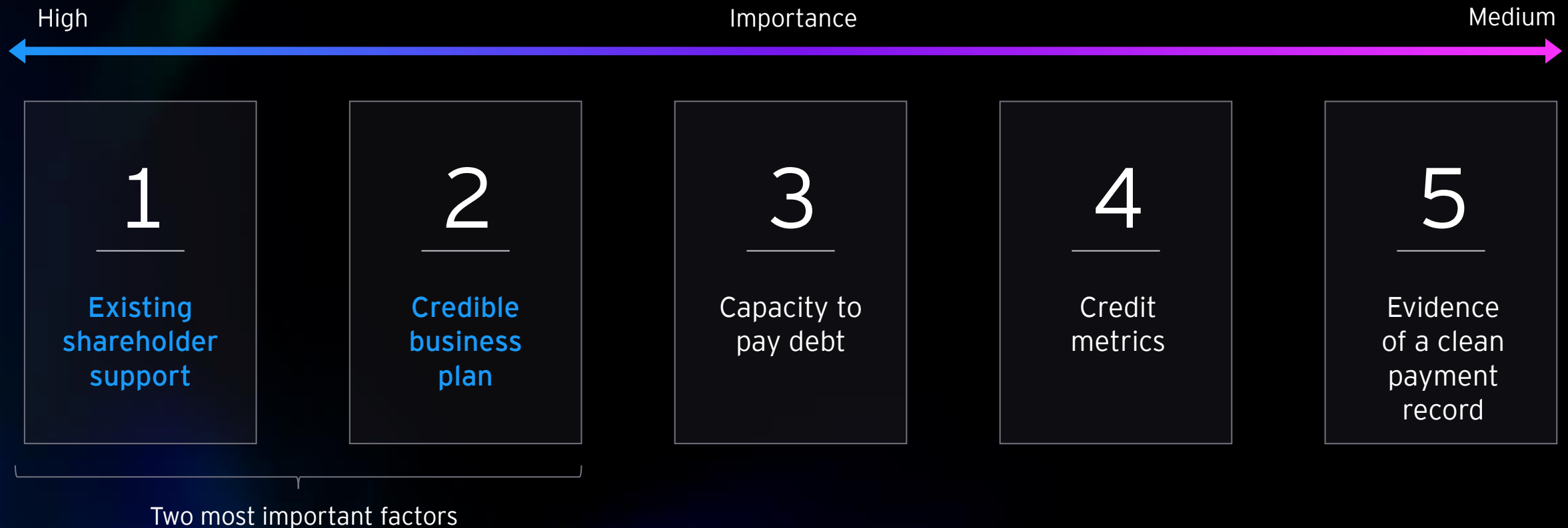
Tightening or a loosening of financial covenants upon
renegotiation 1H-25A vs. 2H-25A (1, 3)



(1) Share of total respondents providing selected answer; (2) Question: "What was the primary implementation route in H2 2025?"; (3) Question "Did you see a tightening or a loosening of financial covenants upon renegotiation in H2 2025?"

Workout bankers view existing shareholder support and a credible business plan as the most critical criteria for lender support in restructuring situations

Top 5 criteria when determining the level of support for a borrower ^(1, 2)



(1) Sorting according to average ranking by respondents (2) Question: "What are the most important factors to consider when determining the level of support for a business?"

Contacts



Ben Trask

Partner, EY-Parthenon Austria
EY-Parthenon Management Consulting GmbH
ben.trask@parthenon.ey.com



Henry Beech

Partner, EY-Parthenon UK
EY LLP
hbeech@parthenon.ey.com



David Koudela

Director, EY-Parthenon, Europe Central
Ernst & Young, s.r.o.
david.koudela@parthenon.ey.com



Alex Reed

Director, EY-Parthenon UK
EY LLP
areed@parthenon.ey.com

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

About EY-Parthenon

Our unique combination of transformative strategy, transactions and corporate finance delivers real-world value - solutions that work in practice, not just on paper.

Benefiting from EY's full spectrum of services, we've reimagined strategic consulting to work in a world of increasing complexity. With deep functional and sector expertise, paired with innovative AI-powered technology and an investor mindset, we partner with CEOs, boards, private equity and governments every step of the way - enabling you to shape your future with confidence.

EY-Parthenon is a brand under which a number of EY member firms across the globe provide strategy consulting services. For more information, please visit www.ey.com/parthenon.

© 2026 Ernst & Young
Corporate Finance GmbH
All Rights Reserved.

This presentation contains information in summary form and is therefore intended for general guidance only. Although prepared with utmost care this presentation is not intended to be a substitute for detailed research or the exercise of professional judgment. Therefore, no liability for correctness, completeness and/or currentness will be assumed. It is solely the responsibility of the readers to decide whether and in what form the information made available is relevant for their purposes. Neither Ernst & Young Corporate Finance GmbH nor any other member of the global EY organization can accept any responsibility. On any specific matter, reference should be made to the appropriate advisor.

ey.com